



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 20th day of March, 2003

Essential air service at

**DEVILS LAKE, NORTH DAKOTA
JAMESTOWN, NORTH DAKOTA**

under 49 U.S.C. 41731 *et seq.*

Served: March 25, 2003

Docket OST-1997-2785

**ORDER TO SHOW CAUSE
TENTATIVELY RESELECTING CARRIER
AND ESTABLISHING NEW SUBSIDY RATES**

Summary

By this order, the Department is (a) establishing a final rate for the essential air service operated by Great Lakes Aviation, Ltd., at Devils Lake and Jamestown, North Dakota, for the period from October 1, 2001, through December 31, 2002; (b) tentatively reselecting Great Lakes at the two communities for the two-year period beginning January 1, 2003, but reducing the level of subsidized service from 18 to 12 round trips a week as of May 1, 2003; and (c) providing for objections to the Department's tentative reselection and inviting competing proposals from other interested carriers.

Background

By Order 2001-9-11, September 17, 2001, the Department selected Great Lakes Aviation, Ltd., to provide subsidized essential air service at Devils Lake and Jamestown for the two-year period ending December 31, 2002. Great Lakes was selected to operate 18 round trips a week over the route Devils Lake-Jamestown-Minneapolis/St. Paul with 19-seat Beech 1900 aircraft at a subsidy rate of \$1,587,733 annually.¹

Following the September 11 terrorist attacks, the Department authorized emergency interim subsidy rates for carriers providing essential air service, beginning October 1, 2001, in order to provide the carriers with much-needed cash as soon as possible. In the case of Great Lakes' service at Devils Lake and Jamestown, the Department authorized an emergency interim rate of \$2,034,652 annually.² In establishing all such interim rates, however, the Department noted that

¹ See Appendix A for a map.

² See Order 2002-2-13, February 15, 2002, which established the interim rate from October 1, 2001, through December 31, 2002, and Order 2003-1-29, January 31, 2003, which extended that rate until further Department action.

they would later be subject to final adjustments based on carriers' actual post-September 11 experience.

In addition, under our normal procedures when nearing the end of a subsidy rate term, we contact the incumbent carrier to determine whether it is interested in continuing service and whether it will continue to require subsidy. We usually negotiate a new subsidy rate with the carrier, issue an order tentatively reselecting it for a new rate term at the agreed rate, and direct other parties to show cause why we should not finalize our tentative decision. Other carriers wishing to submit competing proposals are invited to do so in response to the show-cause order; if any such proposals are filed, we process them as a competitive case. Consistent with this practice, we invited Great Lakes to submit a proposal for the continuation of its service at Devils Lake and Jamestown beginning January 1, 2003.

Carrier Proposal

Following discussions with Department staff, Great Lakes has agreed to a final subsidy rate for the period from October 1, 2001, through December 31, 2002, of \$2,305,751 annually. In addition, Great Lakes proposes two options for continuing its service at the communities for the two-year period beginning January 1, 2003. Under Option A, Great Lakes would continue to operate 18 round trips a week, as described earlier, at a subsidy rate of \$2,732,891 annually. Under Option B, Great Lakes would operate 12 round trips a week at a subsidy rate of \$1,833,443 annually.

Tentative Decision

After a thorough review of Great Lakes' proposals, its recent service history, and the communities' traffic results, we have decided to establish Great Lakes' proposed rate of \$2,305,751 annually for the period ended December 31, 2002, as the final rate. In addition, we will tentatively select Great Lakes' Option A for the initial period of the new two-year rate term that began on January 1, 2003, at the proposed rate of \$2,732,891 annually. However, we have also decided to reduce the level of authorized service at the communities from 18 to 12 round trips a week, beginning May 1, and will therefore select Great Lakes' Option B, at the proposed rate of \$1,833,443 annually, as of that date.³

Our decision to reduce the communities' authorized service is based on a close examination of their historical traffic results and Great Lakes' projections. During the year ended June 30, 2002, the most recent 12-month period for which data are available, Devils Lake averaged 7.4 enplanements a day and Jamestown averaged 7.5 enplanements a day.⁴ The September 11 attacks undoubtedly affected those results, but Great Lakes projects no improvement for the new rate term: 6.4 enplanements for Devils Lake and 6.7 for Jamestown.⁵ Two round trips a

³ Appendix B contains details of Great Lakes' compensation requirement for the earlier period, Appendix C for 18 round trips a week beginning January 1, 2003, and Appendix D for 12 round trips a week beginning May 1, 2003.

⁴ See Appendix E for historical traffic data. Enplanements represent one-half of total origin-and-destination passengers, and averages are based on 313 weekdays and weekends each year.

⁵ See Appendix C.

day on 19-seat aircraft, offering a total of 38 seats in each direction, will easily accommodate the communities' combined average of 16 passengers.⁶ Under the circumstances, we conclude that spending an additional \$900,000 annually for a third round trip and another 19 seats is unwarranted.

As last established by Order 93-3-35, March 25, 1993, the communities' essential air service determinations required at least two nonstop or one-stop round trips to Minneapolis/St. Paul each weekday and weekend, providing a total of 18 seats in each direction for Devils Lake and 24 for Jamestown. The reduced level of service will continue to meet those determinations.

Carrier Fitness

49 U.S.C. 41737(b) and 41738 require that we find an air carrier fit, willing and able to provide reliable service before we compensate it for providing essential air service. We last found Great Lakes fit by Order 2002-9-1, September 3, 2002, in connection with its essential air service at Dickinson, North Dakota. Since then, the Department has routinely monitored the carrier's continuing fitness, and no information has come to our attention that would lead us to question its ability to operate in a reliable manner. Based on our review of its most recent submissions, we find that Great Lakes continues to have available adequate financial and managerial resources to provide quality service at the communities at issue here, and that it continues to possess a favorable compliance disposition. The Federal Aviation Administration has advised us that the carrier is conducting its operations in accordance with 14 CFR Part 121, and knows of no reason why we should not find that Great Lakes remains fit.

Responses to Tentative Decision

As usual, we will allow interested parties 20 days from the service date of this order to object to our decision or to file objections or competing proposals. If no timely objections or competing proposals are filed, this order will automatically become final. We expect persons objecting to our tentative decision to support their objections with relevant and material facts. We will not entertain general, vague or unsupported objections.

Carriers interested in filing competing proposals, with or without subsidy requests, should file them within the 20-day period set for objections. At the end of that period, our staff will docket any competing proposals, thereby making them public, and direct each carrier to serve a copy of its proposal on the civic parties and other applicants. Each applicant, including the incumbents, will then have an opportunity to finalize its proposal in rate discussions with Department staff before we seek final community comments. We will give full consideration to all proposals that are timely filed. As a general matter, we request proposals that would provide service at levels commensurate with those tentatively selected here with twin-engine aircraft operated by two pilots. As always, we will formally solicit the communities' views on any service options we receive before making a long-term carrier selection decision.

⁶ Appendix E shows traffic data since 1994. At no time during that period have the two communities combined for more than 23.3 enplanements a day, and even that level would be reasonably accommodated by 38 seats.

Service History and Traffic Data

Great Lakes has served the two communities for many years. As noted above, during the year ended June 30, 2002, Devils Lake averaged 7.4 and Jamestown 7.5 enplanements a day. Compared to the previous 12-month period, those levels represented declines of 12.5 percent for Devils Lake and 14.2 percent for Jamestown.

Procedures for Filing Competitive Proposals

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f), and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁷ Consequently, all carriers receiving Federal subsidy for essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

⁷ The regulations applicable to these areas are: (1) 49 CFR Part 20 -- New restrictions on lobbying; (2) 49 CFR Part 21 -- Nondiscrimination in federally-assisted programs of the Department of Transportation -- Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 -- Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 - Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 -- Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

Community and State Comments

If we receive competing proposals, the communities and state are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. In any event, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.⁸

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We set the final rate of compensation for Great Lakes Aviation, Ltd., for the provision of essential air service at Devils Lake and Jamestown, North Dakota, as described in Appendix F, for the period from October 1, 2001, through December 31, 2002, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix F, and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by \$646.23:⁹

2. We tentatively reselect Great Lakes Aviation, Ltd., to provide essential air service at Devils Lake and Jamestown, North Dakota, as described in Appendix G, for the period from January 1, 2003, through December 31, 2004;

3. We tentatively set the final rates of compensation for Great Lakes Aviation, Ltd., to provide essential air service at Devils Lake and Jamestown, North Dakota, as described in Appendix G, for the period from January 1, 2003, through December 31, 2004, payable as follows: for each month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceilings set forth in Appendix E, and shall be determined by multiplying the subsidy-eligible arrivals and departures completed during the month by the following amounts:¹⁰

Option A: January 1, 2003, through April 30, 2003	\$748.12
Option B: May 1, 2003, through December 31, 2004	\$752.95

⁸ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service as proposed.

⁹ See Appendix F for the calculation of this rate, which assumes the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of this rate may be required.

¹⁰ See Appendix G for the calculation of these rates, which assume the use of the aircraft designated. If the carrier reports a significant number of aircraft substitutions, revision of these rates may be required.

4. The rates established in ordering paragraphs 1 and 3 above are in lieu of, not in addition to, those established by Orders 2001-9-11, September 17, 2001, 2002-2-13, February 15, 2002, and 2003-1-29, January 31, 2003;

5. We direct Great Lakes Aviation, Ltd., to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

6. We find that Great Lakes Aviation, Ltd., continues to be fit, willing and able to operate as commuter air carrier and capable of providing reliable essential air service at Devils Lake and Jamestown, North Dakota;

7. We direct any interested persons having objections to the selection of Great Lakes to provide essential air service as described in ordering paragraph 2 above, at the rates set forth in ordering paragraph 3 above, to file such objections or competing service proposals no later than 20 days from the date of service of this order;¹¹

8. If we receive objections or competing proposals within the 20-day period, Great Lakes will be compensated at the subsidy rates set forth in ordering paragraph 3 above as final rates until all objections are resolved;

9. We will afford full consideration to the matters and issues raised in any timely and properly filed objections and service proposals before we take further action.¹² If no objections or competing service proposals are filed, all further procedural steps will be deemed waived and this order shall become effective on the twenty-first day after its service date;

10. This docket will remain open until further order of the Department; and

¹¹ Objections should be filed with the Documentary Services and Media Management Division, SVC-124, Room PL-401, Department of Transportation, 400 7th Street S.W., Washington DC 20590. Proposals to provide essential air service should be filed with the Chief, EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6417I, Department of Transportation, at the same address. Questions regarding filings in response to this order may be directed to Dennis J. DeVany at (202) 366-1061.

¹² Since we are providing for the filing of objections to this order, we will not entertain petitions for reconsideration.

11. We will serve copies of this order on the mayors and airport managers of Devils Lake and Jamestown, North Dakota, Great Lakes Aviation, Ltd., and the persons listed in Appendix H.

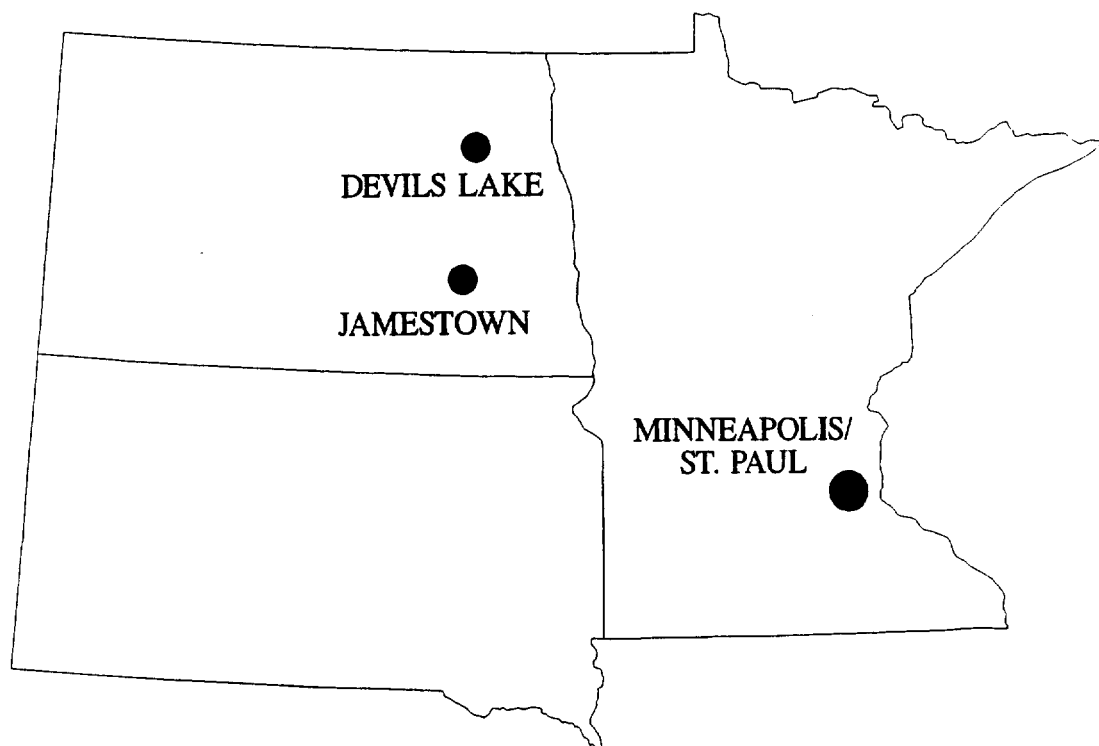
By:

READ C. VAN DE WATER
Assistant Secretary for Aviation
and International Affairs

(SEAL)

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on the World Wide Web at <http://dms.dot.gov>*

DEVILS LAKE AND JAMESTOWN, NORTH DAKOTA



Great Lakes Aviation, Ltd.
 Proposal To Provide Essential Air Service at Devils Lake and Jamestown, North Dakota
 Calculation of Annual Compensation Requirement Applicable to the Period of
October 1, 2001, through December 31, 2002

Departures:	DVL-MSP	1,784	Mileages:	DVL-MSP	351
	DVL-JMS	<u>1,784</u>		DVL-JMS	82
	Total	<u>3,568</u>		JMS-MSP	299
Block hours	3,435		Available seat-miles	12,914,376	
Flight hours	2,746		Revenue passenger-miles	2,940,382	
Operating revenue:					
Passenger	4,281	DVL-MSP passengers @ \$106.21 average fare		\$454,685	
	<u>4,379</u>	JMS-MSP passengers @ \$86.42 average fare		<u>378,433</u>	
Subtotal passenger	<u>8,660</u>			\$833,118	
Other	0.0062	of passenger revenue of \$833,118		<u>5,165</u>	
Total operating revenue				\$838,283	
Operating expense:					
Direct operating expense:					
Flying operations (a)	\$106.66	per block hour	3,435	\$366,377	
Flying operations (b)	\$19.7041	per departure	3,568	70,304	
Hull insurance	\$13.2711	per departure	3,568	<u>45,586</u>	
Total flying operations					\$482,267
Fuel and oil DVL-JMS	\$1.322	1,784 departures	82 gallons	\$193,393	
Fuel and oil JMS-MSP	\$1.322	1,784 departures	168 gallons	<u>396,219</u>	
Total fuel and oil					589,612
Maintenance (a)	\$90.20	per departure	3,568	\$321,834	
Maintenance (b)	\$109.47	per flight hour	2,746	<u>300,605</u>	
Total maintenance					622,439
Aircraft lease	\$34,504	12 months	1.2 aircraft	<u>496,858</u>	
Total direct operating expense					\$2,191,176
Indirect operating expense:					
DVL facility lease	\$1,365	12	Months	\$16,380	
DVL landing fees	\$650	12	Months	7,800	
DVL deicing charge	\$125	115	Estimated apps.	14,375	
DVL local marketing				5,000	
DVL station manager				26,000	
DVL station agent	\$20,800	2	Agents	41,600	
JMS facility lease	\$1,210	12	Months	14,520	
JMS landing fees	\$650	12	Months	7,800	
JMS deicing charge	\$125	230	Estimated apps.	28,750	
JMS local marketing				5,000	
JMS station manager				26,000	
JMS station agent	\$20,800	2	Agents	41,600	
MSP cost per turn	\$255	892	MSP departures	227,460	
Liability insurance	\$0.01434	2,940,382	Revenue pass-miles	42,165	
Passenger-related	\$10.2535	8,660	Total passengers	88,795	
Administrative	\$0.01625	12,914,376	Available seat-miles	<u>209,897</u>	

Great Lakes Aviation, Ltd.

Proposal To Provide Essential Air Service at Devils Lake and Jamestown, North Dakota
 Calculation of Annual Compensation Requirement Applicable to the Period of
October 1, 2001, through December 31, 2002

Departures:	DVL-MSP	1,784	Mileages:	DVL-MSP	351
	DVL-JMS	<u>1,784</u>		DVL-JMS	82
	Total	<u>3,568</u>		JMS-MSP	299
Block hours	3,435		Available seat-miles	12,914,376	
Flight hours	2,746		Revenue passenger-miles	2,940,382	
Operating revenue:					
Passenger	4,281	DVL-MSP passengers @ \$106.21 average fare		\$454,685	
	<u>4,379</u>	JMS-MSP passengers @ \$86.42 average fare		<u>378,433</u>	
Subtotal passenger	<u>8,660</u>			\$833,118	
Other	0.0062	of passenger revenue of \$833,118		<u>5,165</u>	
Total operating revenue				\$838,283	
Operating expense:					
Direct operating expense:					
Flying operations (a)	\$106.66	per block hour	3,435	\$366,377	
Flying operations (b)	\$19,7041	per departure	3,568	70,304	
Hull insurance	\$13,2711	per departure	3,568	<u>45,586</u>	
Total flying operations					\$482,267
Fuel and oil DVL-JMS	\$1.322	1,784 departures	82 gallons	\$193,393	
Fuel and oil JMS-MSP	\$1.322	1,784 departures	168 gallons	<u>396,219</u>	
Total fuel and oil					589,612
Maintenance (a)	\$90.20	per departure	3,568	\$321,834	
Maintenance (b)	\$109.47	per flight hour	2,746	<u>300,605</u>	
Total maintenance					622,439
Aircraft lease	\$34,504	12 months	1.2 aircraft	<u>496,858</u>	
Total direct operating expense					\$2,191,176
Indirect operating expense:					
DVL facility lease	\$1,365	12	Months	\$16,380	
DVL landing fees	\$650	12	Months	7,800	
DVL deicing charge	\$125	115	Estimated apps.	14,375	
DVL local marketing				5,000	
DVL station manager				26,000	
DVL station agent	\$20,800	2	Agents	41,600	
JMS facility lease	\$1,210	12	Months	14,520	
JMS landing fees	\$650	12	Months	7,800	
JMS deicing charge	\$125	230	Estimated apps.	28,750	
JMS local marketing				5,000	
JMS station manager				26,000	
JMS station agent	\$20,800	2	Agents	41,600	
MSP cost per turn	\$255	892	MSP departures	227,460	
Liability insurance	\$0.01434	2,940,382	Revenue pass-miles	42,165	
Passenger-related	\$10.2535	8,660	Total passengers	88,795	
Administrative	\$0.01625	12,914,376	Available seat-miles	<u>209,897</u>	

APPENDIX C

Great Lakes Aviation, Ltd. Proposal To Provide Essential Air Service at Devils Lake and Jamestown, North Dakota Calculation of Annual Compensation Requirement Applicable to the Period of January 1, 2003, through April 30, 2003

Option A: 18 round trips a week

Departures:	DVL-MSP	1,826	Mileages:	DVL-MSP	351
	DVL-JMS	<u>1,826</u>		DVL-JMS	82
	Total	<u>3,652</u>		JMS-MSP	299
Block hours	3,318		Available seat-miles	13,220,984	
			Revenue passenger-miles	2,779,800	
Operating revenue:					
Passenger	4,000	DVL-MSP passengers @ \$106.21 average fare		\$424,840	
	<u>4,200</u>	JMS-MSP passengers @ \$86.42 average fare		<u>362,964</u>	
Subtotal passenger	<u>8,200</u>			\$787,804	
Other	0.0062	of passenger revenue of \$787,804		<u>4,884</u>	
Total operating revenue				\$792,688	
Operating expense:					
Direct operating expense:					
Flying operations	\$149.05	per block hour	3,318	\$494,548	
Hull insurance	\$13.27	per block hour	3,318	44,034	
Fuel and oil	\$1.4419	456,272	gallons	657,899	
Maintenance (a)	\$109.26	per departure	3,653	399,127	
Maintenance (b)	\$97.28	per block hour	3,318	322,775	
Aircraft lease	\$130.00	per block hour	3,318	<u>431,340</u>	
Total direct operating expense				\$2,349,723	
Indirect operating expense:					
Passenger-related	\$10.25	8,200	total passengers	\$84,050	
Liability insurance	\$0.01434	2,779,800	revenue pass.-miles	39,862	
General and administrative	\$0.02080	13,220,984	available seat-miles	274,996	
Local marketing	\$5,000	2	communities	10,000	
Minneapolis/St. Paul station expense	\$334.32	913	departures	305,231	
Devils Lake station expense	\$14,062	12	months	168,744	
Jamestown station expense	\$10,424	12	months	<u>125,088</u>	
Total indirect operating expense				\$1,007,971	
Total operating expense				\$3,357,694	
Operating loss				\$2,565,006	
Profit element	0.05	\$3,357,694	Total operating expense	<u>167,885</u>	
Compensation requirement				<u>\$2,732,891</u>	

APPENDIX D

Great Lakes Aviation, Ltd. Proposal To Provide Essential Air Service at Devils Lake and Jamestown, North Dakota Calculation of Annual Compensation Requirement Applicable to the Period of May 1, 2003, through December 31, 2004

Option B: 12 round trips a week

Departures:	DVL-MSP	1,218	Mileages:	DVL-MSP	351
	DVL-JMS	<u>1,218</u>		DVL-JMS	82
	Total	<u>2,436</u>		JMS-MSP	299
Block hours	2,211		Available seat-miles	8,813,989	
			Revenue passenger-miles	2,312,000	
Operating revenue:					
Passenger	3,400	DVL-MSP passengers @ \$106.21 average fare		\$361,114	
	<u>3,400</u>	JMS-MSP passengers @ \$86.42 average fare		<u>293,828</u>	
Subtotal passenger	<u>6,800</u>			\$654,942	
Other	0.0062	of passenger revenue of \$654,942		<u>4,061</u>	
Total operating revenue				\$659,003	
Operating expense:					
Direct operating expense:					
Flying operations	\$149.05	per block hour	2,211	\$329,550	
Hull insurance	\$13.27	per block hour	2,211	29,342	
Fuel and oil	\$1,4419	304,348	Gallons	438,839	
Maintenance (a)	\$109.26	per departure	2,435	266,048	
Maintenance (b)	\$97.28	per block hour	2,211	215,086	
Aircraft lease	\$130.00	per block hour	2,211	<u>287,430</u>	
Total direct operating expense				\$1,566,295	
Indirect operating expense:					
Passenger-related	\$10.25	6,800	total passengers	\$69,700	
Liability insurance	\$0.01434	2,312,000	revenue pass.-miles	33,154	
General and administrative	\$0.02080	8,813,989	available seat-miles	183,331	
Local marketing	\$5,000	2	communities	10,000	
Minneapolis/St. Paul station expense	\$399.14	609	departures	243,078	
Devils Lake station expense	\$12,827	12	months	153,924	
Jamestown station expense	\$9,523	12	months	<u>114,276</u>	
Total indirect operating expense				\$807,463	
Total operating expense				<u>\$2,373,758</u>	
Operating loss				\$1,714,755	
Profit element	0.05	\$2,373,758	Total operating expense	<u>118,688</u>	
Compensation requirement				<u>\$1,833,443</u>	

APPENDIX E

HISTORICAL ENPLANEMENTS AT DEVILS LAKE AND JAMESTOWN, NORTH DAKOTA

	<u>DEVILS LAKE</u>		<u>JAMESTOWN</u>	
	<u>NO.</u>	<u>AVG.</u>	<u>NO.</u>	<u>AVG.</u>
1994	3,842	12.3	3,443	11.0
1995	3,861	12.3	2,950	9.4
1996	3,929	12.6	2,635	8.4
1997	2,091	8.1	2,045	8.0
1998	3,465	11.1	3,605	11.5
1999	3,002	9.6	2,988	9.5
2000	2,614	8.4	2,747	8.8
2001	2,451	7.8	2,699	8.6
YE June 30, 2001	2,648	8.5	2,747	9.7
YE June 30, 2002	2,317	7.4	2,358	7.5

SOURCE: Bureau of Transportation Statistics Form 298-C, Schedule T-1. Enplanements represent one-half of total origin-and-destination passengers, and averages are based on 313 weekdays and weekends each year. There was a service hiatus at the communities from May 16 through July 21, 1997; consequently, the 1997 average is based on 257 weekdays and weekends.

GREAT LAKES AVIATION, LTD.
ESSENTIAL AIR SERVICE AT
DEVILS LAKE AND JAMESTOWN, NORTH DAKOTA

EFFECTIVE PERIOD	October 1, 2001, through December 31, 2002
SERVICE	18 round trips a week to Minneapolis/St. Paul. Flights between Devils Lake and Minneapolis/St. Paul may stop at Jamestown; flights between Jamestown and Minneapolis/St. Paul may originate or terminate at Devils Lake. No service to other intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
AIRCRAFT TYPE	Beech 1900D (19 seats)
TIMING OF FLIGHTS	Flights must be well-timed and well-spaced to ensure full compensation.
SUBSIDY RATE PER ARRIVAL/DEPARTURE	\$646.23 <u>1/</u>
COMPENSATION CEILING EACH WEEK	\$46,528.56 <u>2/</u>

1/ Annual compensation of \$2,305,751 divided by 3,568 annual arrivals and departures at a 95 percent completion factor, calculated as follows: 12 dpts x 313 service days x .95 = 3,568.

2/ Subsidy rate per arrival/departure of \$646.23 multiplied by 72 subsidy-eligible arrivals and departures each week.

N O T E

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of this rate, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parties to this order do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

GREAT LAKES AVIATION, LTD.
ESSENTIAL AIR SERVICE AT
DEVILS LAKE AND JAMESTOWN, NORTH DAKOTA

EFFECTIVE PERIOD	Option A: January 1, 2003, through April 30, 2003 Option B: May 1, 2003, through December 31, 2004
SERVICE	Option A: 18 round trips a week to Minneapolis/St. Paul Option B: 12 round trips a week to Minneapolis/St. Paul Flights between Devils Lake and Minneapolis/St. Paul may stop at Jamestown; flights between Jamestown and Minneapolis/St. Paul may originate or terminate at Devils Lake. No service to other intermediate or upline points is contemplated under the terms of this proposal; accordingly, no such service may be provided on subsidized flights without prior Department approval.
AIRCRAFT TYPE	Beech 1900D (19 seats)
TIMING OF FLIGHTS	Flights must be well-timed and well-spaced to ensure full compensation.
SUBSIDY RATE PER ARRIVAL/DEPARTURE	Option A: \$748.12 <u>1/</u> Option B: \$752.95 <u>2/</u>
COMPENSATION CEILING EACH WEEK	Option A: \$53,864.64 <u>3/</u> Option B: \$36,141.60 <u>4/</u>

1/ Annual compensation of \$2,732,891 divided by 3,653 annual arrivals and departures at a 97.25 percent completion factor, calculated as follows: 12 dpts x 313 service days x .9725 = 3,653.

2/ Annual compensation of \$1,833,443 divided by 2,435 annual arrivals and departures at a 97.25 percent completion factor, calculated as follows: 8 dpts x 313 service days x .9725 = 2,435.

3/ Subsidy rate per arrival/departure of \$748.12 multiplied by 72 subsidy-eligible arrivals and departures each week.

4/ Subsidy rate per arrival/departure of \$752.95 multiplied by 48 subsidy-eligible arrivals and departures each week.

N O T E

The carrier understands that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of the rate order, including the service plan outlined in the order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with the order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of the order during the applicable period of these rates, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on these routes. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.

If the Department unilaterally, either partially or completely, terminates or reduces payments for service or changes service requirements at a specific location provided for under this order, then, at the end of the period for which the Department does make payments in the agreed amounts or at the agreed service levels, the carrier may cease to provide service to that specific location without regard to any requirement for notice of such cessation. Those adjustments in the levels of subsidy and/or service that are mutually agreed to in writing by the parties to this order do not constitute a total or partial reduction or cessation of payment.

Subsidy contracts are subject to, and incorporate by reference, relevant statutes and Department regulations, as they may be amended from time to time. However, any such statutes, regulations, or amendments thereto shall not operate to controvert the foregoing paragraph.

SERVICE LIST FOR THE STATE OF NORTH DAKOTA

Air Casino, Inc.
AirVantage, Inc.
Amerijet International, Inc.
Bemidji Airlines
Big Sky Transportation Co.
Corporate Air
Delta Connection
Dwyer Aircraft Sales, Inc.
Falcon Aviation, Inc.
Great Lakes Aviation, Ltd.
Heartland Aviation, Inc.
Imperial International, Inc.
Mesaba Aviation, Inc.
Metroflight, Inc.
Midwest Aviation
Midwest Express Airlines, Inc.
Northwest Airlink
Thunderbird Aviation, Inc.
Westward Airways, Inc.

Ken Bannon
Rick Bauer
Brad Elstad
Doug Franklin
E.B. Freeman
Douglas Gumula
A. Edward Jenner
Lee Mason
John McFarlane